

ARTICLE APPEARED
ON PAGE 36
INTERNATIONAL

European Firms Lobby for Star Wars

By ROGER THUROW
And RICHARD L. HUDSON

Staff Reporters of THE WALL STREET JOURNAL

BONN, West Germany—If West German industry had its way, the group of 30 government and business leaders visiting Washington this week to evaluate President Reagan's "Star Wars" program would have swelled to about 100, but some had to be told they couldn't go.

Such is the eagerness of European high-technology companies to get in on the research contracts for the U.S. Strategic Defense Initiative, or SDI. Their eagerness is turning into an impatience that is increasingly pressuring European governments, which have been hesitant to officially endorse or join the space-based defense project since it was offered to them last spring.

European policymakers fear the business pressure plays into U.S. hands and reduces Europe's chances of negotiating sizeable SDI contracts. Indeed, U.S. officials in Washington, who want the support of European governments, acknowledge that the business anxiety is working to their advantage. The business interest "is getting things going," says one Pentagon official. "It shows a momentum which will lead to increased involvement."

In West Germany, where the government has been waffling for months on the SDI issue, business executives are worried that precious time has been frittered away while politicians wrestled with the strategic and political implications of Star Wars. If anything, those concerns—about whether research into antimissile weaponry will foment, rather than prevent, war—are likely to grow as the Soviet Union steps up its diplomatic battle against SDI. The latest Soviet move came in a report yesterday from Tass, the official news agency: It said the USSR would "consider itself free" to deploy antisatellite weapons if the U.S. goes ahead with a planned test of antisatellite weaponry later this month.

For European business leaders, "the problem is that time is ticking away" on their chances of getting big SDI contracts, says Dutch Brig. Gen. Gerard C. Berkhof, a research fellow at the Netherlands Institute of International Relations.

Complains a West German aerospace industry executive: "In the whole SDI discussion, we're still at the level of the political side only. For the industrial side, it's been hard for us to get any information."

Tired of waiting for their governments to lead the way, some European companies have been independently approaching U.S. SDI administrators and American firms involved in the research. But so far, it appears, no contracts have yet been signed with European companies.

The way things are developing, says Gen. Berkhof, Europe risks getting as little as 5% of the \$26 billion in research contracts planned by American SDI organizers over the next five years. With more negotiating support from their own governments, he says, European companies might have counted on getting more than twice as much SDI work.

The Pentagon official says that serious discussions about SDI work have been going on with businesses and government leaders from seven European countries, but he adds that contracts probably won't be signed until the governments decide over the next few months how to respond formally to the U.S. invitation to participate in SDI research. So far, France and Norway have rejected any governmental role in SDI, while Denmark and Greece are tending against it. West Germany, Britain, Italy, Belgium and Spain are widely expected to participate in some way.

Lining Up Contracts

But lack of official government endorsement doesn't mean the companies can't—and don't—get their contracts all lined up, ready to sign as soon as their governments give the final nod. In Britain, for instance, an informal group of big defense contractors has been "urging" the Whitehall bureaucrats to act, says an official at Plessey PLC, an electronics concern.

"We would like maximum speed and urgency," he says.

What the British group, led by British Aerospace PLC, actually wants from the government is bargaining help in Washington. They want Whitehall to negotiate standard contractual terms for all British SDI work: terms ensuring British companies access to classified information, legal rights to market less-sensitive SDI inventions, and a guarantee that they'll get a share of the lucrative productive work if the U.S. ever goes beyond research and ac-

tually starts building missile-defense systems.

So far, the British officials have found it tough getting such terms from the U.S.; in the meantime, the Ministry of Defense has asked British companies to refrain from signing any contracts.

The British companies aren't sitting idle, though. For instance, Plessey has already talked with some American SDI contractors about selling them some equipment in which it has special expertise. If government action doesn't come soon, says a Plessey official, the company might decide to go ahead and try completing the contracts.

Sculpting a Framework

West German aerospace companies Messerschmitt-Boelkow-Blohm G.m.b.H. and Dornier G.m.b.H. have also had direct contacts with the Americans. But the Germans are hoping that the delegation conducting nine days of talks beginning today in Washington will be able to sculpt a framework for cooperation in SDI.

The West Germans (18 industry and research representatives and 12 government officials) flew to Washington with questions about business and technology concerns similar to those of the British. The Germans will also be confronted with a lot of questions themselves, particularly about the handling of classified information following the recent revelations of East German spying in West Germany. In fact, the West German delegation's trip was delayed to satisfy American requests for security checks on members of the group.